



**Demand Assessment Report
for the Incremental Capacity Process - 2023
between Bulgartransgaz and ICGB
Gas Transmission Systems**

2023-10-23

This report is a joint assessment of the potential for incremental capacity projects conducted jointly by:

ICGB AD

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Currently, the Bulgarian Gas Transmission System, operated by Bulgartransgaz EAD (“**Bulgartransgaz**”), is connected to the Interconnector Greece-Bulgaria (“**IGB**”), operated by ICGB AD (“**ICGB**”), in the region of Stara Zagora, Bulgaria (“**BG**”). The Interconnection point (“**IP**”) between the two gas transmission system operators is **IP STARA ZAGORA** with EIC: 58Z-IP-00034-STZ.

IGB pipeline became operational in October 2022, enabling additional gas flows from the Greek territory to be transmitted to Bulgaria. ICGB operates under specific regulatory regime pursuant to *Final Joint Decision of the Energy Regulators on the Exemption Application of ICGB AD dated August 2018* (and the amendments to it)¹, establishing possibility for upgrading the IGB capacity to approximately 5 bcm/y.

A. Non-binding demand indications

Bulgartransgaz and ICGB (the “**TSOs**”) have launched the Demand Assessment Phases of the Incremental Capacity Process in July 2023, in line with the provisions of Article 26 of Commission Regulation (EU) 2017/459 of 16 March 2017² (“**NC CAM**”). This Demand Assessment Report (“**DAR**”) refers to the IP STARA ZAGORA (EIC: 58Z-IP-00034-STZ) between Bulgartransgaz and ICGB in the area of Stara Zagora (BG).

According to the provisions of NC CAM, on July 3rd, 2023, both TSOs invited all interested parties to submit their non-binding demand indications for incremental capacity at existing or new IPs. In accordance with NC CAM the following application periods have been included in this report:

- a) non-binding demand indications received within 8 weeks after the start of the recent annual yearly auctions on the 3rd of July 2023.
- b) non-binding demand indications received later than 8 weeks after the start of the recent annual yearly auctions on the 3rd of July 2023, but considered in the current incremental capacity cycle.

The involved TSOs, Bulgartransgaz and ICGB, both have received relevant non-binding demand indications from interested parties within the time windows a) and b) described above. The aggregated non-binding demand indications (for a) and b) above) received by each TSO are summarized in the following tables:

¹ Accepted by Decisions of RAEWW of Greece n. 768/2018 and EWRC of Bulgaria n. P-BO-2 on 08.08.2018.

<https://www.dker.bg/bg/resheniya/resheniya-za-2018-qod.html>

² Commission Regulation (EU) 2017/459 of 16 March 2017 establishing a network code on capacity allocation mechanisms in gas transmission systems and repealing Regulation (EU) No 984/2013

- **Non-binding demand indications received by ICGB**

| Non-binding demand indications as per Incremental Capacity Process - 2023, according to NC CAM | |
|--|------------------------|
| Interconnection Point | STARA ZAGORA |
| EIC Code | 58Z-IP-00034-STZ |
| Flow direction | ICGB -> Bulgartransgaz |
| Current technical capacity (kWh/d) | 106 483 877 |
| Request submitted to both TSOs | Yes, partially |
| Conditions | * |
| Gas year | Amount in kwh/d/y |
| 2024/2025 | 141 241 096 |
| 2025/2026 | 135 841 096 |
| 2026/2027 | 153 541 096 |
| 2027/2028 | 153 541 096 |
| 2028/2029 | 153 541 096 |
| 2029/2030 | 95 191 096 |
| 2030/2031 | 95 191 096 |
| 2031/2032 | 90 191 096 |
| 2032/2033 | 90 191 096 |
| 2033/2034 | 67 491 096 |
| 2034/2035 | 67 491 096 |
| 2035/2036 | 67 491 096 |
| 2036/2037 | 58 491 096 |
| 2037/2038 | 58 491 096 |
| 2038/2039 | 58 491 096 |
| 2039/2040 | 58 491 096 |
| 2040/2041 | 43 491 096 |
| 2041/2042 | 43 491 096 |
| 2042/2043 | 43 491 096 |
| 2043/2044 | 14 450 000 |
| 2044/2045 | 14 450 000 |
| 2045/2046 | 14 450 000 |

* None of the interested parties specified conditionalities applicable to their non-binding capacity requests to ICGB for the IP STARA ZAGORA.

- **Non-binding demand indications received by Bulgartransgaz**

| Non-binding demand indications as per Incremental Capacity Process - 2023, according to NC CAM | |
|--|------------------------|
| Interconnection Point | STARA ZAGORA |
| EIC Code | 58Z-IP-00034-STZ |
| Flow direction | ICGB -> Bulgartransgaz |
| Current technical capacity (kWh/d) | 122 313 400 |
| Request submitted to both TSOs | Yes, partially |
| Conditions | * |
| Gas year | Amount in kwh/d/y |
| 2024/2025 | 109 591 096 |
| 2025/2026 | 121 391 096 |
| 2026/2027 | 167 991 206 |
| 2027/2028 | 167 991 206 |
| 2028/2029 | 182 441 261 |
| 2029/2030 | 124 091 261 |
| 2030/2031 | 124 091 261 |
| 2031/2032 | 153 771 393 |
| 2032/2033 | 153 771 393 |
| 2033/2034 | 131 071 393 |
| 2034/2035 | 131 071 393 |
| 2035/2036 | 131 071 393 |
| 2036/2037 | 122 071 393 |
| 2037/2038 | 122 071 393 |
| 2038/2039 | 122 071 393 |
| 2039/2040 | 122 071 393 |
| 2040/2041 | 122 071 393 |
| 2041/2042 | 29 041 096 |
| 2042/2043 | 29 041 096 |

* None of the interested parties specified conditionalities applicable to their non-binding capacity requests to Bulgartransgaz for the IP STARA ZAGORA.

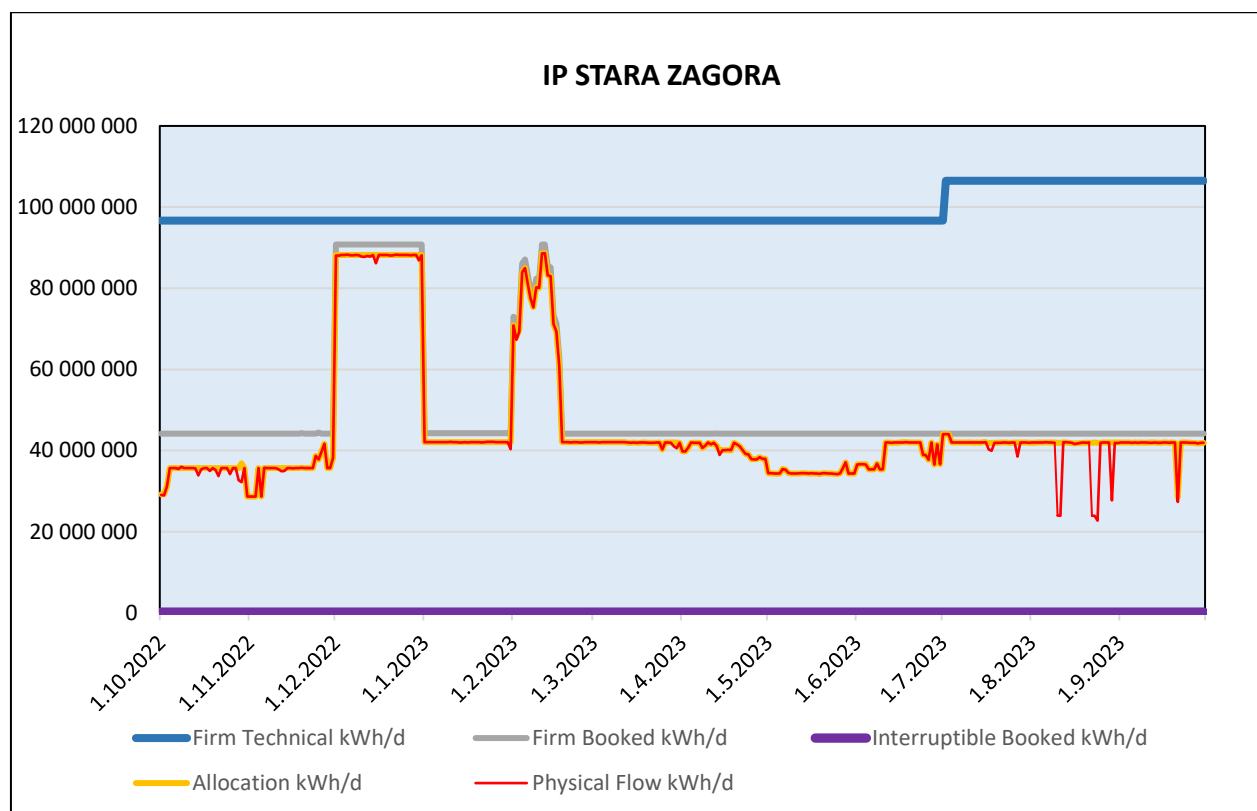
B. Demand assessment

The Demand Assessment Phase began immediately after the start of the annual yearly capacity auctions and finished maximum 16 weeks after the start of the annual yearly capacity auctions as specified in Article 26 of NC CAM.

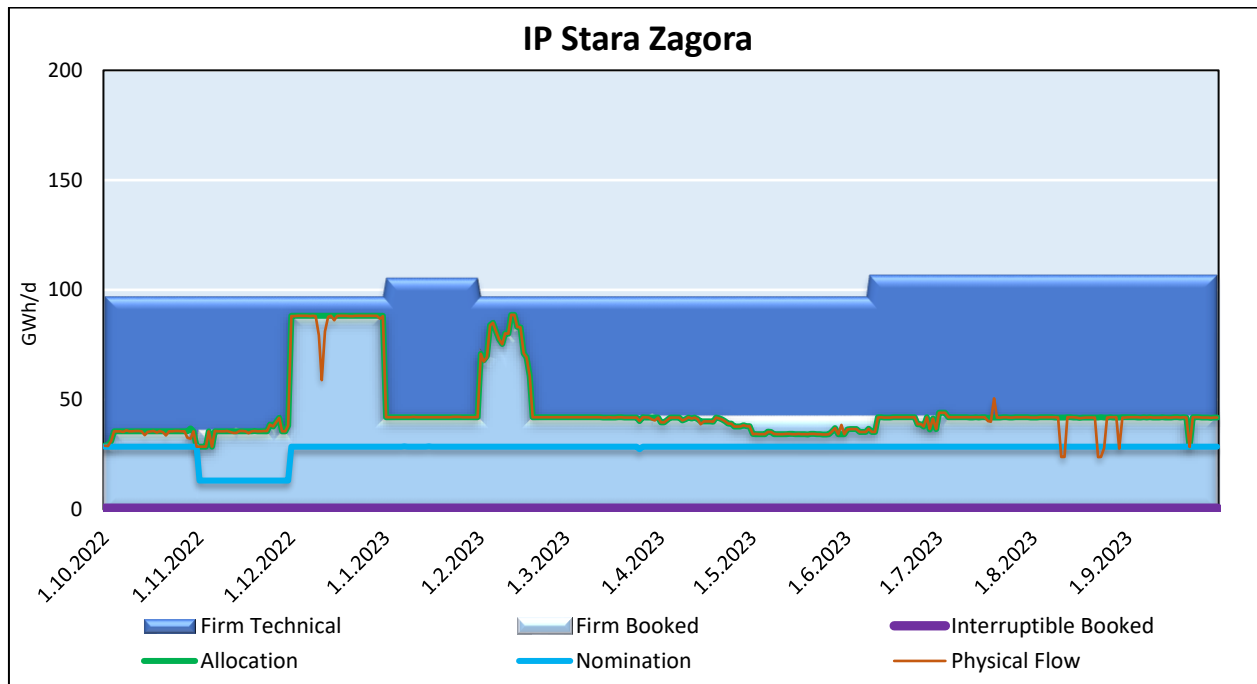
i. Historical usage pattern

The historical usage data for IP STARA ZAGORA since IGB's entry into commercial operation on 01.10.2022 is presented in the following graphs²:

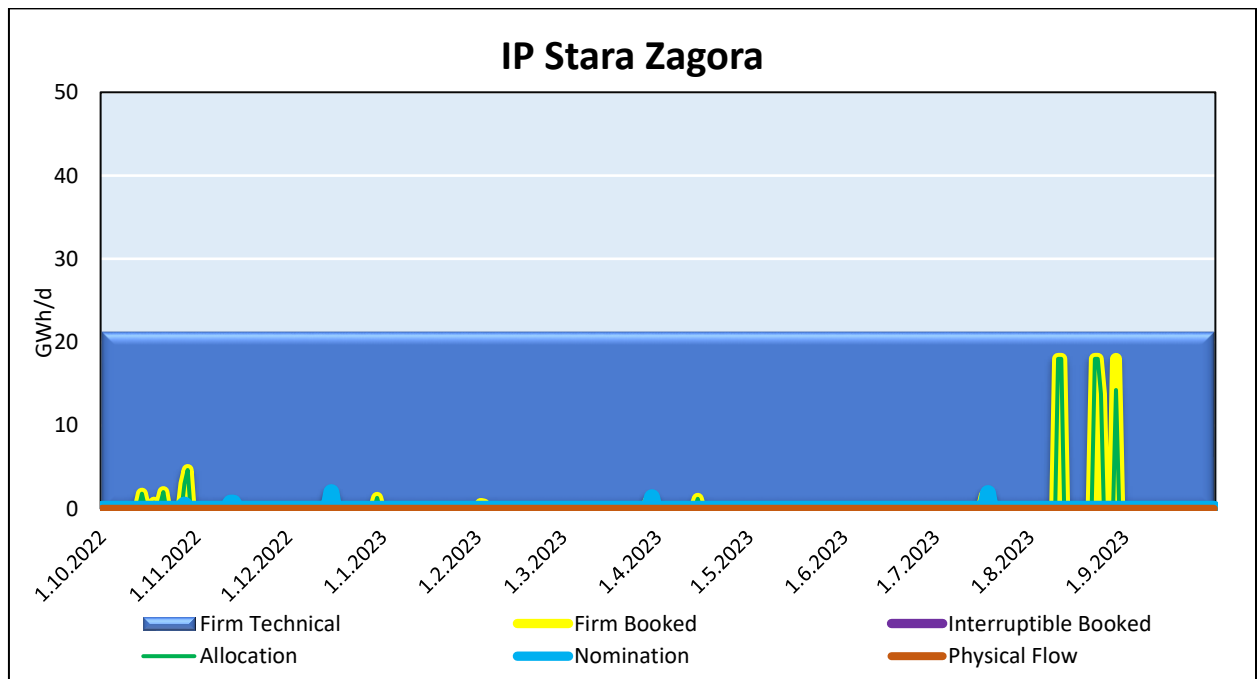
Graph 1: IP STARA ZAGORA, ICGB (exit)



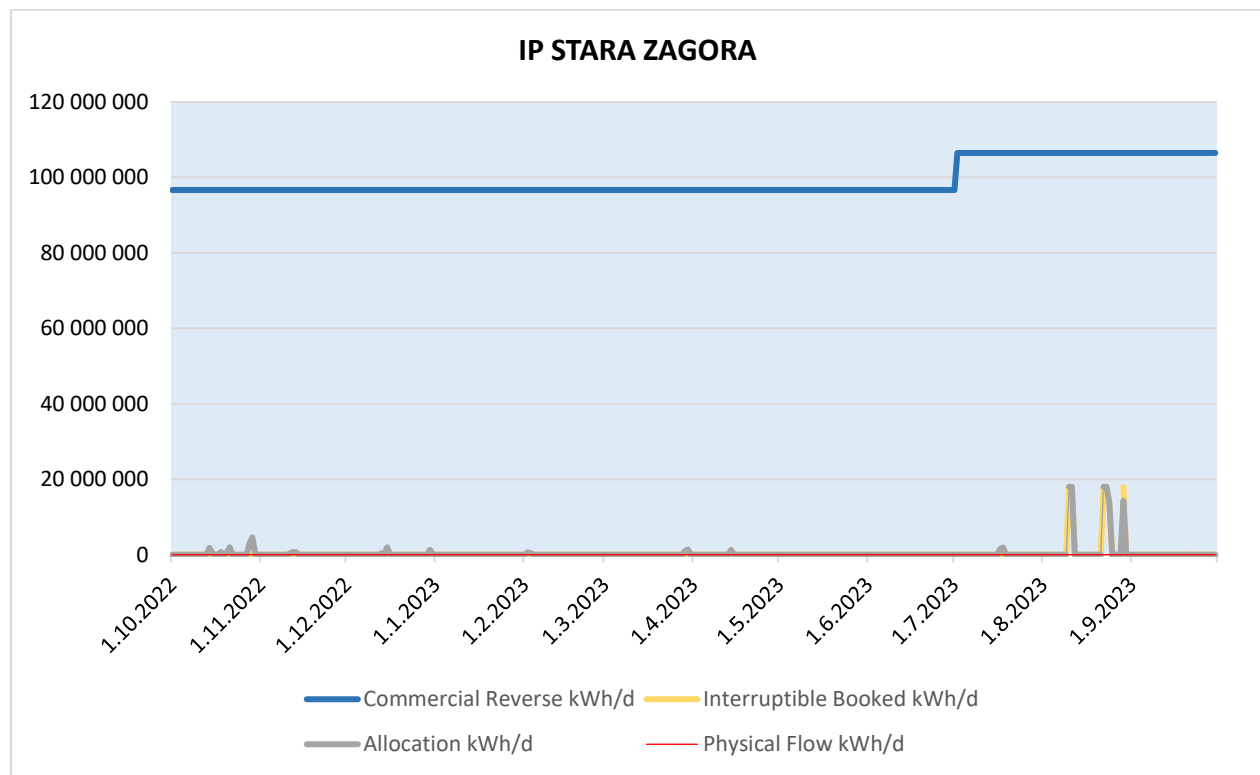
Graph 2: IP STARA ZAGORA, Bulgartransgaz (entry)



Graph 3: IP STARA ZAGORA, Bulgartransgaz (exit)



Graph 4: IP STARA ZAGORA, ICGB (entry)



ii. Results of current annual yearly auctions

The results of the recent annual yearly capacity auctions that took place on the 3rd of July 2023 for the IP STARA ZAGORA are presented in the tables below:

- **ICGB data**

| Annual yearly auction results for bundled firm capacity | | | | | | |
|---|------------------|----------------------------------|-----------|----------------------------|---------------------------|---------------|
| IP Name | IP EIC Code | Flow Direction | Gas year | Offered Capacity (kwh/d/y) | Booked Capacity (kwh/d/y) | Capacity Type |
| Stara Zagora | 58Z-IP-00034-STZ | Exit ICGB / Entry Bulgartransgaz | 2023/2024 | 51 678 918 | 20 882 065 | Firm, forward |
| Stara Zagora | 58Z-IP-00034-STZ | Exit ICGB / Entry Bulgartransgaz | 2024/2025 | 51 678 918 | 19 233 435 | Firm, forward |

| | | | | | | |
|--------------|------------------|-----------------------------------|-----------|------------|------------|------------------|
| Stara Zagora | 58Z-IP-00034-STZ | Exit ICGB / Entry Bulgartrngaz | 2025/2026 | 51 678 918 | 9 329 325 | Firm, forward |
| Stara Zagora | 58Z-IP-00034-STZ | Exit ICGB / Entry Bulgartrngaz | 2026/2027 | 51 678 918 | 9 329 325 | Firm, forward |
| Stara Zagora | 58Z-IP-00034-STZ | Exit ICGB / Entry Bulgartrngaz | 2027/2028 | 53 081 470 | 11 405 573 | Firm, forward |

- **Bulgartrngaz data**

| Annual yearly auction results for bundled firm capacity | | | | | | |
|---|------------------|-----------------------------------|-----------|----------------------------|---------------------------|---------------|
| IP Name | IP EIC Code | Flow Direction | Gas year | Offered Capacity (kwh/d/y) | Booked Capacity (kwh/d/y) | Capacity Type |
| Stara Zagora | 58Z-IP-00034-STZ | Exit ICGB / Entry Bulgartrngaz | 2023/2024 | 110 082 060 | 62 552 740 | Firm |
| Stara Zagora | 58Z-IP-00034-STZ | Exit ICGB / Entry Bulgartrngaz | 2024/2025 | 95 835 489 | 19 233 435 | Firm |
| Stara Zagora | 58Z-IP-00034-STZ | Exit ICGB / Entry Bulgartrngaz | 2025/2026 | 95 835 489 | 9 329 325 | Firm |
| Stara Zagora | 58Z-IP-00034-STZ | Exit ICGB / Entry Bulgartrngaz | 2026/2027 | 95 835 489 | 9 329 325 | Firm |
| Stara Zagora | 58Z-IP-00034-STZ | Exit ICGB / Entry Bulgartrngaz | 2027/2028 | 95 835 489 | 11 405 573 | Firm |
| Stara Zagora | 58Z-IP-00034-STZ | Exit Bulgartrngaz / Entry ICGB | 2023/2024 | 20 988 000 | 3 000 000 | Firm |

iii. *Expected amount, direction and duration of demand for incremental capacity*

The amount, direction, and duration of the demand for incremental capacity at IP STARA ZAGORA, considered during the present procedure are the ones presented in paragraph A. *Non-binding demand indications.*

The non-binding demand for incremental capacity in the ICGB → Bulgartransgaz direction is for a sustained number of years and exceeds the existing technical capacity at IP STARA ZAGORA.

C. Relations to GRIPS, TYNDP, NDPs

- **ICGB**

IGB pipeline is included in the 5th edition of the Southern Corridor Gas Regional Investment Plan (SC GRIP)³ of ENTSOG as key transmission project for the Southern Corridor Region (project TRAF-378). IGB Pipeline is included in the TYNDP 2022 of ENTSOG⁴ as a project that will increase the security and diversification by source and route of gas supply in direction Greece-Bulgaria-Serbia. Due to its specific regulatory regime ICGB is exempted from the obligation to submit a TYNDP.⁵

IGP pipeline is acknowledged as a leading project within the CESEC (The Central and South-Eastern Europe energy Connectivity) initiative.

The IGB Interconnector was included as a Project of Common Interest (PCI) in the fifth PCI List⁶.

- **Bulgartransgaz**

Bulgartransgaz has not included a project for incremental capacity on its side of IP STARA ZAGORA in its most recent TYNDP 2023-2032 or other development plans.

³ Fifth edition of the Southern Corridor Regional Investment Plan (SC GRIP) of ENTSOG (https://www.entsog.eu/sites/default/files/2022-03/GRIP_SC_2021_220318.pdf);

⁴ Ten Year Network Development Plan (TYNDP) 2022 of ENTSOG (<https://www.entsog.eu/tyndp#entsog-ten-year-network-development-plan-2022>);

⁵ Section 4.1.(1) of Final Joint Decision of the Energy Regulators on the Exemption Application of ICGB AD dated August 2018 (and the amendments to it), accepted by Decisions of RAEWW of Greece n. 768/2018 and EWRC of Bulgaria n. P-BO-2 on 08.08.2018. <https://www.dker.bg/bg/resheniya/resheniya-za-2018-qod.html>

⁶ Commission Delegated Regulation (EU) 2022/564 of 19 November 2021 amending Regulation (EU) No 347/2013 of the European Parliament and of the Council as regards the Union list of projects of common interest (<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32022R0564&qid=1663087079030>)

D. Conclusion for the initiation of an incremental capacity project/process

Based on the evaluation of the received non-binding demand indications, Bulgartransgaz and ICGB will proceed to the next phase of the Incremental Capacity Process - 2023 and open the coordinated Design Phase, the day after the publication of this DAR in order to offer bundled incremental capacity product at IP STARA ZAGORA.

During the coordinated Design Phase, the TSOs deem it necessary to conduct further technical studies to investigate, document and evaluate the preliminary technical solutions, costs, and schedules for development options.

The output of the technical studies and of the coordinated actions taken by ICGB and Bulgartransgaz during the coordinated Design Phase, including specific expansion thresholds, provisional costs, timelines, and applicable specific regulatory provisions will be included in the draft Project Proposal.

E. Provisional timeline

The involved TSOs have planned to conduct the technical studies and the consultation of the draft Project Proposal according to the following provisional timetable:

| Activity | Expected start | Expected end | Expected duration |
|--|---------------------------------------|-------------------|-------------------|
| Technical studies for incremental capacity projects | from the publication date of this DAR | Before 15.01.2024 | < 12 weeks |
| Public consultation on draft Project Proposal | 15.01.2024 | 15.02.2024 | 1 month |

The above-stated dates and periods have a provisional character and therefore are subject to change.

Following the end of the public consultation and further finalizations of the draft Project Proposal, the TSOs will submit the draft Project Proposal to the relevant National Regulatory Authorities (“NRAs”) for coordinated approvals. In case of positive decision of the NRAs, the binding phase will start, and a notice will be published on the TSOs’ website at least 2 months before the binding auctions. The process for the binding phase will be detailed in the draft Project Proposal. The TSOs intend to hold the binding phase on 1st of July 2024 upon approval of the NRAs.

F. Fees

For the Incremental Capacity process - 2023 addressed by this report, no fee was introduced by the involved TSOs for the evaluation and the processing of the non-binding demand indications.

G. Contact Information

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